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2 June 1966

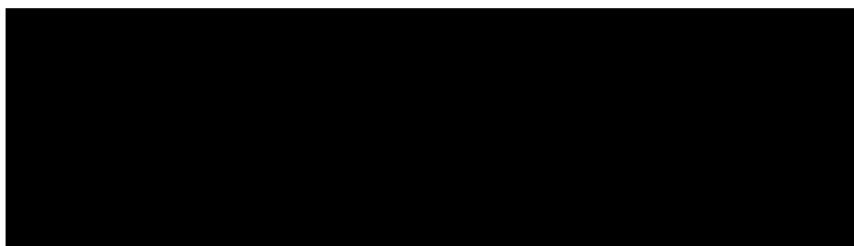
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## INTELLIGENCE MEMORANDUM

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PEKING CONTINUES EFFORTS TO WOO AFGHANISTAN



DIRECTORATE OF INTELLIGENCE

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SC No. 03808/66

CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
2 June 1966

INTELLIGENCE MEMORANDUM\*

Peking Continues Efforts to Woo Afghanistan

1. Liu Shao-chi's visit to Afghanistan in early April was the latest of Peking's efforts to expand its influence in Kabul. It met with as little success as previous Chinese initiatives since diplomatic relations were established in 1955, but the Chinese are undaunted and appear determined to keep a foot in the Afghan door.

2. Peking almost certainly views the present government of Afghanistan as "feudalist, pre-capitalist" in nature. As such it is a proper target for Chinese-supported Communist subversion. Efforts at short-term cooperation with Kabul and even the provision of economic assistance are regarded as justifiable to hamper efforts by the US and the USSR to increase their influence in Afghanistan. In addition, by maintaining cordial relations Peking is seeking to demonstrate its "benevolent nature" and to give substance to its claim that its dispute with India is due solely to Indian intransigence.

3. Peking's effort to keep relations with Afghanistan relatively cordial has been made easier by the absence of historical sources of friction. The common border is only 40 miles long and runs through a remote, mountainous region. Although undemarcated, it had never been in dispute. When the Afghans proposed its formal delimitation in

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January 1963, the Chinese accepted. Negotiations were concluded in July 1963, and a border agreement was signed in November. The Chinese publicized this agreement as an example of China's reasonable and peace-loving attitude toward its neighbors.

4. The first significant Chinese offer of economic assistance to Afghanistan was made in November 1964, during the state visit of Afghan King Muhammad Zahir Shah to China. The Chinese offered him a \$28 million long-term, interest-free development credit, and indicated that their interest in Afghanistan would increase. Peking's offer was accepted "in principle," but Kabul appeared anxious to go as slowly as possible in implementing the Chinese aid program. In March 1965, Chinese Foreign Minister Chen Yi visited Afghanistan in an effort to speed up the timetable and succeeded in obtaining Afghan acceptance of an agreement on the utilization of the 1964 loan, a final version of the border agreement, and a Sino-Afghan cultural exchange agreement.

5. The Afghans indicated [REDACTED] in March 1965 that they were aware of the subversive threat posed by the Chinese and said that they would turn down any aid projects which would require more than a minimum number of Chinese "advisers." Despite these assurances, within three months two teams of Chinese technicians had arrived in Afghanistan and by December the number of Chinese in the country was apparently in excess of 100.

6. The potential aid projects investigated by the Chinese thus far include a duck farm and a fish hatchery at Kargha near Kabul, construction of an irrigation project in the Panjshir Valley north of Kabul, assistance in silk production, aid for an existing textile plant in Kandahar, construction of a caustic soda plant near Baghlan, aid for a ceramics factory in Kabul, and technical advice in the manufacture of lapis lazuli jewelry and commodity support.

7. All of the projects are relatively small except for the Panjshir Valley irrigation scheme-- in which Chinese advisers [REDACTED] have shown

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the greatest interest. This is probably explained in part by its proximity to the closely guarded Bagram air base, a major center of Soviet military assistance activities in Afghanistan. Moreover, [REDACTED] the proposed irrigation project would reduce the potential power output of a dam now being built with Soviet assistance at Naghlu by about 20 percent.

8. The Chinese technical teams have requested a broad range of information and statistics on the Afghan economy, including detailed data on the Soviet and US aid programs, past and present. [REDACTED]

[REDACTED] the Chinese technicians are very long on talk and vague on promises, and the first dollar of the Chinese loan has yet to be spent on a specific project. Meanwhile, the Chinese have been able to collect information and have had an excellent chance to assess their position in Afghanistan.

9. One factor curbing the expansion of Chinese influence in Afghanistan is the already well-entrenched Soviet presence. To date, Kabul has received almost 600 million dollars worth of Soviet economic aid--far above the level of aid available from Peking.

10. The Chinese are obviously aware of the strong Soviet position and are doing everything they can to undercut it. One purpose of Liu Shao-chi's state visit was probably to counter the visit of the Afghan premier to Moscow in February. As was the case with similar Chinese initiatives in the past, Liu does not appear to have had great success in winning the confidence of the Afghans. A joint communiqué issued on 8 April, the day of Liu's departure, was conspicuously non-committal with respect to economic relations--in contrast with explicit statements in the Soviet-Afghan communiqué in February in which Moscow undertook to assist the Afghan third five-year plan.

11. The bland nature of the joint Sino-Afghan communiqué apparently reflected Afghan resistance to further economic entanglement with Peking. At the outset of Liu's visit the Chinese [REDACTED] planned

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to offer additional economic assistance but had been dissuaded by the insistence of the Afghan premier that Afghanistan was already heavily overcommitted in capital investment and was unable to consider any more such aid.

12. Despite the disappointing results of Liu's visit, the Chinese probably believe their Afghan policy has reasonably good prospects; they have succeeded in opening Afghanistan up to Chinese technicians and in somewhat improving their capability to exert influence in Kabul. It seems likely that Chinese policy toward Afghanistan will continue along present lines for some time to come. It will emphasize a careful mixture of limited economic assistance and propaganda, backed up by the implicit threat of military force to keep the Afghans balanced between pressures from the US, the USSR, and China. And all the while, Chinese engineers and other technicians will be laying the groundwork for more virorous efforts to swing the Afghans into Peking's camp.

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